



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

September 21, 2016

## **Processing Strawberry Advisory Board Referendum Notice**

**To Consider Proposed Major Amendments  
To the Marketing Order for Processing Strawberries  
For the Purpose of Incorporating Strawberry Producers into the Program**

***Voting Deadline: October 20, 2016***

**To Processors and Producers of California Strawberries:**

### **Why is a Vote Being Conducted by CDFA?**

At the request of the Processing Strawberry Advisory Board (PSAB), the California Department of Food and Agriculture (Department) recently conducted a public hearing to receive comments from the processing strawberry industry and from the general public on proposed major amendments to the Marketing Order for Processing Strawberries (Marketing Order). The amendments were proposed by the PSAB in order to formally incorporate strawberry producers into the Marketing Order. Based on the supportive testimony presented at the hearing, the Department has decided to move forward with the second phase of the amendment implementation process which is issuing the proposed amendments for votes of strawberry processors and strawberry producers. If the processor and producer votes both pass, the amendments would go into effect. However, if either of the votes fails, the amendments would not go into effect and the Board would continue to operate in its current form as a processor-only program.

As you may be aware, the Board operates under a California marketing order program overseen by the Department. The Board establishes and administers the following two mandatory activities for the California processing strawberry industry:

1. Mandatory incoming inspections for all fresh strawberries received for processing
2. Mandatory public posting of prices paid to strawberry producers

### **Overview of the Proposed Amendments**

The primary purpose of the proposed amendments is to formally incorporate producers into the Marketing Order. A copy of the Marketing Order showing the text of the proposed amendments is



viewable at <http://www.cdfa.ca.gov/mkt/mkt/ordslaws.html>. Following is an overview of how the Board would function if the proposed amendments were implemented.

1. *There would be no producer assessments.* – Under this proposal, processors would continue to pay all Board assessments just as they have done in the past. Strawberry producers would not be required to pay any Board assessments. This provision cannot be changed without another public hearing and referendum vote of both processors and producers.
2. *Producers would be afforded 20% of the positions on the Board.* – In light of the fact that producers would not be required to pay any Board assessments under this proposal, it is proposed that producer representation on the Board would be somewhat limited relative to processor representation. It is proposed that producers would be afforded 20 percent of the available board positions under this proposal. As is the case now, each year all processors would have the opportunity to designate one member and one alternate to represent their firm on the Board. And as the case is now, a processor could decide to not have representation on the Board. Once the number of processors wishing to have representation on the Board is determined each year, a calculation would be made to determine how many producer Board positions would be needed that year so that the resulting Board would consist of approximately 80 percent processor representation and 20 percent producer representation.
3. *Producer positions on the Board and on the Board's Committee on Grade Standards would be filled via nominations received from the producer representatives currently serving on the California Strawberry Commission.* – The nominees for the Board would need to be serving on the Strawberry Commission, but the nominees for the Committee on Grade Standards would not necessarily need to be serving on the Strawberry Commission. In order to be eligible to serve in any of these producer positions, a producer could not have a processor affiliation that would qualify him or her to serve as a processor representative on the Board.
4. *The method for considering the Board's continuation every five years would switch from having a processor continuation vote to having a public continuation hearing.* – By law, all California marketing order programs must undergo some kind of continuation procedure every five years to determine if the industry favors the program's continuation. To fulfill this requirement, the Marketing Order currently calls for a processor vote every five years. Under this proposal, the processor continuation vote would be replaced by a public continuation hearing conducted by the Department the every five years which would be open to all processors and producers to participate in. Under the public hearing procedure, the Department could continue the Marketing Order without an industry vote if the hearing record supported continuation. However, if the hearing record raised substantial questions about the Board's continuation, the Department would conduct a

vote of all processors and producers to determine whether or not the Marketing Order should be continued.

5. *Successful passage of the this amendment proposal would negate the need to have a continuation process next year as currently scheduled, but would require that a continuation hearing be conducted in 2019 and then every five years thereafter.* – As stated above, all California marketing order programs must undergo some kind of continuation procedure every five years to determine if the industry favors the program's continuation. The Board is currently slated to have a continuation procedure in 2017. However, if this amendment package is approved in this industry vote, the Board will not be subject to a continuation procedure next year, but instead be authorized to continue. Typically, a program would be reauthorized to operate for another five years in these circumstances. However, there was testimony offered at the hearing that requested that the next continuation process be conducted sooner than five years from now in order to provide the industry with an earlier opportunity to consider the overall merits of the Board. The Department deemed this request to be reasonable, and therefore language was added to the proposed, revised Marketing Order which would require the next continuation hearing be conducted in 2019 rather than in 2021 as would normally be the case. Please note that if this amendment package is not approved via this industry vote, the Board will be subject to a processor continuation vote in 2017 as currently scheduled.
6. *There would be no change in the Board's Authorized Activities.* – The Board would continue to be authorized to conduct mandatory incoming inspections of all strawberries received for processing and would continue to be authorized to conduct a mandatory price reporting program.

### Voting Materials

Enclosed are a ballot and a return envelope for your use in this vote. The ballot contains instructions on how to properly certify your voting eligibility and on how to cast your vote.

### Voting Period

In order for your ballot to be counted, it must be properly signed, completed and received by CDFA or *postmarked no later than October 20, 2016.*

### Criteria for Voting Approval

CDFA is conducting two separate referenda; one for strawberry processors and a second for producers that supply strawberries to processors. In order for the proposed amendments to go into effect, it must be approved in both the processor referendum and the producer referendum. The following criteria must be met in order for the processor referendum to pass.

At least 40% of the eligible processors must cast valid ballots and one of the following must occur.

- a) At least 65% of the California strawberry processors who vote in the referendum must vote in favor of the proposed amendments and they must account for at least 51% of the total quantity of strawberries processed in California during 2015. **OR**
- b) At least 51% of the California strawberry processors who vote in the referendum must vote in favor of the proposed amendments and they must account for at least 65% of the total quantity of strawberries processed in California during 2015.

The following criteria must be met in order for the producer referendum to pass.

At least 40% of the eligible producers must cast valid ballots and one of the following must occur

- a) At least 65% of the California strawberry producers who vote in the referendum must vote in favor of the proposed amendments and they must account for at least 51% of the total quantity of California strawberries provided to California strawberry processors during 2015. **OR**
- b) At least 51% of the California strawberry producers who vote in the referendum must vote in favor of the proposed amendments and they must account for at least 65% of the total quantity of California strawberries provided to California strawberry processors during 2015.

### **Announcement of Voting Results**

CDFA will announce a summary of the referendum results following tabulation of the ballots. Individual votes will be kept confidential.

### **Encouragement to Vote / If You Have Questions**

CDFA strongly encourages all eligible strawberry processors and strawberry producers to exercise their opportunity to vote on this matter. Voting participation is especially important since at least 40% of the eligible voters in each respective sector must vote in order to have valid referenda.

If you have questions regarding this processing strawberry industry vote, please call Dennis Manderfield of this office at 916-900-5018. If you have specific questions about the activities of the Processing Strawberry Advisory Board, please call Gabe Moreno, Board Manager, at 831-724-5454.

Sincerely,



Robert Maxie, Chief  
Marketing Branch

Enclosures